

Summary of Minutes

ECONOMIC DEVELOPMENT COMMISSION MEETING HELD ON TUESDAY, APRIL 28, 2009 AT 9AM IN THE HOOKER CONFERENCE ROOM OF CITY HALL AT SHOWERS, 401 NORTH MORTON STREET, BLOOMINGTON, INDIANA.

Upon conclusion of the Business Investment Incentive Fund (BIIF) subcommittee discussion, the regular meeting of the Economic Development Commission commenced with call to order and roll call.

Roll Call

Members present: Dick McGarvey, Kurt Zorn, Malcolm Webb, Mike Satterfield

Staff present: Danise Alano, Economic and Sustainable Development Director; Miah Michaelson, Assistant Economic and Sustainable Development Director for the Arts; Margie Rice, City Attorney; Vickie Renfrow, Assistant City Attorney; Sean Fox, SPEA Service Corps Fellow.

Approval of Minutes

Kurt Zorn moved to approve the minutes from the February 27, 2009 EDC meeting. Malcolm Webb seconded. Motion passed.

Staff Report – BIIF Update

Danise Alano reported a current balance of \$627,122.80 for the BIIF. Investments are listed on the staff report. She said that she spoke with Mike Trexler, City Controller, since the last meeting regarding how funds are invested. All investable funds are kept in money market accounts, and if weekly CD rates are better than money market rates, funds are invested in CDs at various terms. She also reported that Bloomingfoods is still making regular monthly payments on schedule.

Vickie Renfrow provided a status report on the Cha Cha loan. She said that the loan dates back to 2000 when the bridge loan program was created for Kirkwood businesses. While no legal basis exists for granting compensation for lost business, the Council and Administration at that time decided to make loans (3-year, maximum of \$35,000) available from the Industrial Incentive Loan Fund for impacted businesses. Cha Cha began making payments, but 1.5 years later, a fire in an adjoining business destroyed Cha Cha's property and put them out of business. Around one month later, they stopped making payments.

Cha Cha reopened eighteen months later, and in 2008, Cha Cha was finally awarded the business disruption portion of their insurance claim. The Court of Appeals awarded twelve months, rather than eighteen months, of their business disruption claim. Vickie Renfrow said that she has been instructed to take all factors into consideration. Litigation

is currently ongoing, and an attorney's conference has been scheduled for May 19. She said that she thinks we are ready to engage in discussion with Cha Cha to either set up a payment schedule and obtain financial information from them per loan agreement requirements, or to begin litigation. Court records indicate that judgments were entered for about seven suits, averaging \$5,000 or \$6,000 each. Nothing has been filed in the past 2.5 years. Litigation has been very expensive for Cha Cha, which is another possible reason for their financial difficulties. She said that future discussions might be better discussed in an executive session, as matters of legal strategy might come up.

Kurt Zorn asked Vickie Renfrow if she would contact Cha Cha to get their reaction as to where they currently stand in beginning payments. He said he would be flexible in terms of payment amounts, but it is probably time that payments of some amount begin. We are willing to work with them, but paying nothing is unsustainable. Vickie Renfrow agreed and said it is also important that we are able to see the financial records we are entitled to see, so that reasonable payments may be requested.

Dick McGarvey asked if interest would be owed for the non-payment period. Vickie Renfrow said that is a possibility, and is up to the judgment of the EDC and City administration. Kurt Zorn said that he thought that if Cha Cha is amenable to beginning payments now, that interest is not charged, but could be included if they are resistant to making payments.

Danise Alano asked for input as to when the EDC would hear the tax abatement presentation. May 29 and June 5 are potential dates. June 5 was decided as the presentation date.

No further discussion. Malcolm Webb moved to adjourn the meeting. Mike Satterfield seconded. Motion passed. Meeting adjourned.